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THE END OF THE DOLLAR GAP
U.S. FOOD SURPLUSES

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APRIL 1960

COMMONWEALTH DIGEST

and WORLD ECONOMIC REVIEW

DIGEST SPOTLIGHT

on

Mr. C. R. WHEELER

C.B.E.

President Elect

of the

British Iron and Steel Federation

Serial Dept.
JUN 10 1960



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Commonwealth Digest

and World Economic Review

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Digest Spotlight focuses on

Mr. C. R. Wheeler, C.B.E., President Elect of the British Iron and Steel Federation

BORN in 1904, Mr. C. R. Wheeler is Chairman of Guest Keen Iron and Steel Co. Ltd., and on 1st January, 1961, will head the British Iron and Steel Federation.

He has been all his life in iron and steel, having joined Baldwins Limited on leaving school in 1922. On the outbreak of war, Mr. Wheeler went with the then Chairman, Sir Charles Wright, to the Iron and Steel Control of the Ministry of Supply and became Assistant Controller, Raw Materials. In 1943 he headed the British Delegation to the Joint Metallurgical Committee in the U.S.A. which considered and reported on alloy steel and alloy conservation. He became Deputy Controller (Raw Materials) and in 1945 was appointed Controller of Iron and Steel. For his war services he was awarded a C.B.E. in 1946.

In May of that year Mr. Wheeler returned to Guest Keen and Baldwins as Joint Managing Director, becoming Director of The Steel Company of Wales when it was formed in 1947. He has represented the Government on the Steel Committee of the Economic Commission for Europe and the Committee of European Economic Co-operation and was present as an adviser at the Foreign Ministers' Conference in Moscow in 1947.

Mr. Wheeler has been a member of the Council and the Executive Committee of the British Iron and Steel Federation and Chairman of B.I.S.C. (Ore) Ltd. since 1946. He also presides over the Federation's International Trade Relations Committee.

He is Chairman of B.I.S.C. (Ore) Limited and his other directorships include Associated Electrical Industries Ltd., and George Wimpey and Co. Ltd. He was President of the Institute of Vitreous Enamellers for 1956-57.

He was High Sheriff of the County of Glamorgan in 1955-56 and President of the Iron and Steel Institute in 1958-59. He is a *Chevalier de la Légion d'Honneur* and a member of the Court of Governors of the University College of South Wales and Monmouthshire.

Married, with one son and two daughters, Mr. Wheeler is no "dull boy" of "all work and no play". He is keen on rowing, as a member both of Leander and the London Rowing Club and is also Joint Master of the Old Berkeley Beagles.

This man of Steel is a man of many parts, distinguished internationally as a truly British representative of a great British industry.

COMMONWEALTH DIGEST

and

WORLD ECONOMIC REVIEW

APRIL 1960

VOLUME I

No. 3

The End of the Dollar Gap

TO most of those closely concerned, either in theory or in practice, with international economics, the problems epitomised in the phrase "dollar gap" seemed, for a number of post-war years, to be almost insoluble. It is still not easy to realise that, in the last eighteen months, these problems have melted away. How and why this change has come about, whether it will persist, and what the effects may be are questions of much importance to the whole of the western world.

In the early post-war years the demand from the rest of the western world for American goods and services was enormous. In spite of very large assistance to other nations given by the United States, the balance of payments was still heavily in her favour, as was well evidenced by gold movements. At the end of 1945 the total gold stock of the United States was just over \$20 billion; it had risen by some \$4½ billion to \$24.6 billion by the end of 1949. In the following year stocks decreased by over \$1.7 billion, and at the end of 1957 they stood at \$22.86 billion, slightly more than the 1950 figure.

In the seven years 1951/57 the

United States balance of payments showed a well-defined pattern. There was a substantial surplus on trade and services, which was increasing towards the end of the period, mainly owing to a considerable rise in American exports in 1956 and 1957. The surplus was more than swallowed up by United States government expenditure abroad, by loans and grants, and by some export of private capital. Throughout this period the adverse American balance did not result in a net outflow of gold, but foreign countries were able to increase their short-term dollar holdings by some \$6.7 billion.

Changing pattern

In 1958 the pattern changed. Throughout that year American exports were running at lower levels than in 1957 or 1956 and, in the last quarter of the year, imports rose remarkably. As a result, the overall adverse balance rose to a higher figure than in any post-war year. It so happened that in 1958 European countries were anxious to rebuild their reserves and they took advantage of the favourable dollar trends to purchase gold. In the year

From Overseas Review, Barclays Bank D.C.O., February, 1960.

the United States lost gold amounting to \$2,275 million and foreign short-term dollar holdings increased by nearly \$1,000 million. All these movements persisted in the first nine months of 1959. Exports were still comparatively low, while imports continued to rise. A further \$660 million in gold went out to foreign countries whose short-term dollar holdings also rose again by \$1,556 million. Towards the end of the year it appeared that these movements were slowing down, but it is much too early to say that the trends have changed.

Although United States reserves of gold are still enormous it is widely felt there that the loss of gold cannot be allowed to continue indefinitely. There appear to be two main lines of possible attack on the problem: firstly, the improvement of the balance of payments on current account, either by increasing exports, decreasing imports or both; secondly, an improvement on capital account, either by decreasing foreign aid, or by giving it with reservations designed to assist the balance of payments.

No longer competitive

As regards a possible increase in exports, the prime difficulty seems to be that since the industrial recovery

in Europe and Japan, many American manufactures are no longer competitive. Nevertheless, the United States hopes to benefit from the recent removal of restrictions on dollar purchases in a number of countries and is anxious that this process of freeing trade should continue. The extent of the benefit which would accrue to United States exporters is, of course, uncertain. Some lead may perhaps be obtained from the experience of the Union of South Africa which freed dollar trade almost completely as long ago as 1954. An increase in imports of dollar goods followed, but in the last three years all this improvement and more has been lost in the face of European competition, principally from Western Germany. Another hope is that the upsurge of economic activity in Europe may increase the demand for American goods, though in the light of home competition such demand is bound to be selective. American experts are increasingly concerned with the problem of comparative prices and there is much discussion and some exhortation on the subject. The monetary authorities have been trying hard to keep internal prices steady, with considerable success. The facts suggest, however, that the recent improvement in European

NEW ATLANTIS?

I SEE no reason, in the long run, why the Europeans should not have the same standard of living as Americans, but this is not within our reach; it is a far-away hope. This does not prevent us from establishing a national community market in the Atlantic.

Paul van Zeeland, former Prime Minister of Belgium and former Deputy Director of the Bank for International Settlements, reported in N.A.T.O. Letter, February, 1960.

competitive power in other ways has brought to light a price differential which may date from the 1949 devaluations.

Failing an expansion in exports, it is possible that the United States may feel compelled to reduce imports by the imposition of tariffs or other forms of official hindrance. There is support for such action from sectional interests, but it seems fair to say that the position would have to worsen very considerably for these remedies to be adopted on any scale. As the President of the Federal Reserve Bank of New York has said, "It would indeed be ironical if the United States were to adopt such practices at the very moment when most other countries—after years of active encouragement by the United States—have made significant steps towards a freer pattern of international trade and payments."

No single remedy

There remains the remedy of reducing aid to foreign countries, either by cutting the total amount or by tying aid more closely to American exports. The core of the problem nowadays lies in the aid granted to under-developed countries, and it

is hoped by the United States, probably rightly, that European countries may be prepared to take a larger share of this burden. The needs of the under-developed countries are, however, increasing and if political aspects are also taken into account it seems unlikely that current American aid can be much reduced. As to the linking of aid to exports, this is actually to be done in respect of grants from the Development Loan Fund. If, however, the root of the problem lies in a discrepancy of prices, this remedy may be self-defeating, in that more money will have to be spent to achieve the same result.

It seems that there is no easy or single remedy for the adverse American balance. Fortunately, the problem, despite the attention it is attracting, is not urgent. The United States still possesses very large reserves, which should enable her to face short-term adverse fluctuations with equanimity. Bearing in mind that economic trends normally carry within them the seeds of their own reversal, it would seem that for the time being events can well be left to take their natural course.

SOVIET CARS FOR AMERICA

A CONTRACT for the export of 5,000 Moskvich (model 407) motor cars to the United States this year was signed in Moscow on February 1st by Mr. Robert Castle, president of the American firm Andrea Motors Incorporated.

The agreement envisages the delivery in the next two years of 10,000 motor cars of this type to the United States.

Commonwealth Survey

(1) CANADIAN POPULATION CLIMBING

CANADA'S population increased 366,000 in the first eleven months of 1959 to an estimated 17,650,000 at December 1st from 17,284,000 at the beginning of the year, according to the Dominion Bureau of Statistics' quarterly estimate. The January-November increase was slightly larger than a year earlier (354,000), but sharply smaller than 1957's record eleven-month increase of 516,000 when immigration contributed heavily to the population growth.

Ontario had the largest numerical increase in population in 1959's eleven-month period, rising 142,000 (2.4 per cent) to 6,029,000 from

5,887,000 at January 1st. Quebec was next with an increase of 107,000 (2.2 per cent) to 5,062,000 from 4,955,000. Alberta was third with a rise of 36,000 to 1,264,000 from 1,228,000, and British Columbia fourth with a gain of 29,000 to 1,592,000 from 1,563,000.

Estimated population of Saskatchewan showed an eleven-month increase to 907,000 from 896,000, Manitoba to 892,000 from 878,000, Nova Scotia to 719,000 from 715,000, New Brunswick to 595,000 from 584,000, Newfoundland to 453,000 from 443,000, and Prince Edward Island to 103,000 from 101,000.

From Canadian Weekly Bulletin.

(2) NEW BANK STRUCTURE IN AUSTRALIA

IMPORTANT changes in Australia's banking structure came into effect on January 14th, when three new banking organisations began operation. They are the Reserve Bank of Australia, the Commonwealth Banking Corporation and the Development Bank.

Legislation passed last year separated the central banking and trading operations of the Australian Commonwealth Bank.

From Australian Finance and Commerce Newsletter, February 1st, 1960.

The new Reserve Bank takes over most of the central banking function, while the new Banking Corporation will control the activities of the Development Bank and the existing Commonwealth Trading and Savings Banks.

The Development Bank itself will provide funds not available from other sources for the development of primary and secondary industry.

(3) STATESMANSHIP IN GHANA

IN marked contrast with some of the more violent statements emanating from Ghana is the moderation and realism consistently being shown by the Government in promoting the industrial and commercial expansion of the country. Ghana's economic policy is clearly based on a far-sighted appreciation of the importance of overseas capital to the country's development, as indeed was explicitly underlined in the Second Development Plan 1959/64.

Positive steps have been taken to attract expatriate capital. In the first place, Pioneer Industry Legislation has been enacted and many United Kingdom interests have already taken advantage of this concession. Repatriation of overseas capital has been guaranteed, and an Investment Promotion Board has been set-up for the sole purpose of assisting prospective investors and of reviewing investment inducements.

Gold

The gold mining industry, in particular, has consistently benefited from the Government's sympathetic and practical understanding of its problems, the most recent example of which is the interest-free advance to Amalgamated Bantek Areas of £150,000 for three years starting on October 1st last, making £450,000 in all. The extremely generous terms on which this assistance has been

granted should be a valuable contribution towards the creation of a favourable climate for expatriate capital. Having regard to the small amount of development capital at the Ghana Government's disposal, the fact that such a substantial advance is being made to a single mine is a notable reflection on the intention to put mining on a high priority, even though the mine in question is in the Tarkwa district and its closing down might well have endangered the general development project for the area.

A healthy aim

There is clearly no inconsistency between the Government's positive and commendable measures to attract the new capital necessary for the various development projects on which it has set its heart, and its desire that in the new industries established there should be an element of private Ghana shareholding, which is an understandable and healthy aim.

In line with its policy of ensuring that future expansion is channelled along sound financial lines, the Government of Ghana recently began discussions with representatives of the London Stock Exchange with the aim of setting up a Stock Exchange in Ghana. This is a logical development which is to be expected sooner or later, though it might well be later rather than sooner.

From The Mining Journal, January 29th, 1960.

We have no doubt that the British overseas mining industry, which has been so fairly treated to say the least, will not be backward in giving local stock exchange operations every assistance in its power.

(4) NORTHERN RHODESIA NEEDS SECONDARY INDUSTRY

GENERALLY, with African economic, political and social advancement growing at an increasing tempo, the present level of economic progress within the Federation is inadequate to absorb the growing emergent African, and particularly in Northern Rhodesia. On the Copperbelt, the situation is already acute. Until a few years ago, the post-war expansion of the Copper Mines coupled with the development that was taking place in the Copperbelt township, were able to absorb the Africans pouring in from the rural areas in their search for higher wages, standards and amenities which rural life was unable to offer.

A mining area, with its usually high wage structure and amenities that it can offer its employees, has always been the magnet for labour

and particularly the African. The copper mining industry, however, cannot be expected to absorb unlimited labour indefinitely. In fact a saturation point must be reached and, with mechanisation and re-organisation, the labour strength has dropped, and is dropping. It is only a high degree of secondary industrial expansion on the Copperbelt that will be able to provide new fields of local employment for the emergent and more educated African whose numbers are growing and increasing yearly.

It is believed that by the creation of such additional avenues of employment for the African there will also, automatically, open up new posts on higher levels which would be filled by the European by virtue of his higher standard of education, background and civilisation.

From M.O.S.S.A., Official Organ of the Northern Rhodesia Mine Officials and Salaried Staff Association, January, 1960.

(5) PAKISTAN'S SECOND FIVE-YEAR PLAN

IN a recent nationwide broadcast, Field-Marshal Ayub Khan gave an outline of the targets aimed at during the next five-year plan, which will run from 1960 to 1965. The plan places special emphasis on further exploration and prospecting in the areas which are known to contain valuable minerals. Attention

will be given to increasing the output of coal from the present output of about 750,000 tons per annum to 1,500,000. The Pakistan Industrial Development Corporation is expected to provide most of this increase. This Corporation will undertake the development of two deep-level adits into the Sor Range some 5,000 feet

From The Mining Journal, February 5th, 1960.

long. Each of these is expected to handle 1,000 tons per day when the coal-seams served by them, are fully developed. In addition this Corporation is expected to bring the production of the Deghari Mine, now producing about 120 tons per day, up to 500 t.p.d. Private companies will be encouraged to increase their productions compatible with the conditions prevailing in the various existing mines. Areas, such as Jhimpir (Sind) and Salt Range, will be investigated with a view to increasing their contribution.

More industrial concerns will be encouraged to change to natural gas as a power supply, and as many new ones as possible will be persuaded to install it. In this way consumption is likely to rise from the present

25,000,000,000 cu. ft. to over 100,000,000,000 cu. ft.

It is proposed to set up a Development Corporation, similar to the P.I.D.C., to investigate, and initiate the exploitation of mineral deposits not being developed by private enterprise. These will, in all probability, include marble deposits in the Peshawar-Nowarshera area, gypsum in various areas, and such minerals as beryl, bentonite and other clays, which are known to occur, but have not been developed on a commercial scale.

The total cost of this mineral development programme during the 5-year period, is estimated to be Rs 670,000,000 of which one-third is from Pakistan sources, the rest from Foreign Exchange.

(6) COMMONWEALTH SCHOLARSHIP COMMISSION

FEW matters concerned with Commonwealth development in general, and that in the less developed territories in particular, have aroused more interest and less controversy, than the proposals for a Commonwealth scholarship scheme which were agreed in principle at the Trade and Economic Conference held in Montreal in September, 1958, and elaborated at the Commonwealth Education Conference held at Oxford in July last. To make provision for matters arising out of the recommendations of this latter conference a Commonwealth Scholarships Bill was put before

Parliament in November last which passed its second reading in the House of Commons on November 25th and was enacted as the Commonwealth Scholarships Act, 1959.

The Act establishes a Commonwealth Scholarship Commission to which authority to select and make arrangements for Scholars and Fellows from the Commonwealth received into the United Kingdom, to select United Kingdom candidates for scholarships and fellowships to be held in Commonwealth countries, and to discharge such other functions as the Secretary of State may direct, is assigned.

From Chronicle of West India Committee, January, 1960

From Rail to Road in the U.K.

ROAD goods traffic in the United Kingdom has almost trebled since 1938, whereas rail goods traffic has shown little net gain. The former exceeded the latter in terms of ton-miles for the first time in 1958, to account in 1959 for 58 per cent of the country's total inland goods traffic. Details are given in the accompanying table, which reveals the extent to which British Railways (State-owned) were affected by the 1958-59 recession in the heavy industries—mainly coal and steel.

U.K.—INLAND GOODS TRAFFIC
(Thousand Million Ton-Miles)

1938	... 8—10	16.3	24—26
1951	... 18	22.9	41
1952	... 18.3	22.4	40.7
1953	... 18.7	22.8	41.5
1954	... 19.5	22.1	41.6
1955	... 21.0	21.4	42.4
1956	... 21.0	21.5	42.5
1957	... 20.5	20.9	41.7
1958	... 23.1	19.4	41.5
1959*	... 24.6	17.7	42.3

*Preliminary estimate

These estimates, not previously available, are taken from a lengthy paper read to the Royal Statistical Society in London by Mr. K. F. Glover, of the Ministry of Transport. He mentioned that road goods traffic in Britain is in the hands of well over half a million operators, who together own more than 1.3 million vehicles. About 85 per cent

of the traffic thus handled travels less than 40 miles, while only about 4 per cent is carried more than 100 miles. The traffic is markedly seasonal in character, rising in the early months of the year (with interruption due to Easter and Whitsun) to a peak in the early summer; it declines in August and recovers during the autumn.

Statistics for inland goods transport in general give useful supplementary information about the progress of the national economy. They reflect changes in sectors, such as agriculture and the distributive trades, which are not covered by the index of industrial production. A statistical series on transport can, moreover, be useful as a quick indicator of changes in economic activity in circumstances in which the compilation of an index of production would be difficult; it may be used also to give an early indication of changes in the more general index. The author showed that, as might be expected, there is a fairly close correspondence between short-term fluctuations in inland goods traffic and those of industrial production in the U.K. Over a period of years, however—as one would expect in a developed economy—the volume of goods traffic (measured in ton-miles) does not increase as rapidly as does industrial production.

From Petroleum Press Service, February, 1960.

DECOLONISATION

A Factor of Primary Importance for Cooperation

by PRESIDENT HABIB BOURGUIBA OF TUNISIA.

WHAT will be the face of Africa after the independence of her peoples? In what direction is she moving? With whom will she co-operate in order to defeat under-development and continue her march towards prosperity and progress?

It is with preoccupations of this nature that I made my speech at Sousse. I addressed a pressing appeal to the colonial powers, asking them to facilitate the process of decolonisation and thus safeguard, once independence is gained, the chances of co-operation among the newly emancipated peoples and the old colonial powers. It is the best method of overcoming old grudges and making room for co-operation.

Wherever co-operation has not been irremediably compromised by hatred and bitterness, such a co-operation between colonizer and colonized is natural—due to the ties which were formed through long contact, the common language bringing men closer and the necessity for under-developed peoples to call upon the aid of more advanced nations. We ourselves at one time affirmed our preference for those with whom we were familiar. This is why we advise African leaders to do as much as they can to develop their countries, but this cannot be fully achieved or bear fruit without independence.

Round table conference

In order to accelerate and facilitate the process of decolonisation, we recommend a round table conference. It does not matter really whether the table be round or square. Its form has only a symbolic significance. What is important is that contacts should be made and that discussion should start by fixing the stages and defining the basis of future co-operation. That this should be done by means of a royal visit to the Congo or a meeting between the minister of foreign affairs and the African leaders matters little. Only the results count.

The process of emancipation must be adapted to the particular conditions of each country. They should keep in mind realities and in order to do this, they must not be swayed by possessions or hatreds.

We addressed our appeal to the colonial powers in the hope of seeing them return to reason and so allow Africa, after its chains are broken, to become a factor of stability and prosperity in the world, Europe included. It is evident, in fact, that it would be in the interests of all, if Africa were able to develop and co-operate with countries more advanced than she is. It is a question of farsightedness. What is important is to know with whose help Africa will undertake her effort of development.

From Weekly Speeches, January 7th, 1960.

The New Africa

by TOM MBOYA

WHAT is Africa? Yesterday many people in Europe and America thought of Africa in terms of jungle, wild beasts and natives. But for Ethiopia and Liberia, Africa was spoken of as either British, French, Portuguese or Belgian Africa. There are also South Africa and the trust territories. Most of the decisions affecting its people were made in London, Paris or Brussels, etc. The fate of its people was decided by governments thousands of miles away and often by people who did not even know the culture, language or problems of the peoples of Africa.

Nineteen Sixty represents a new era. In addition to the nine independent states (excluding South Africa), there will be six more. There are to be a number of countries which will advance to the status of internal self-rule. Some if not all of the republics of the French Community will demand and receive freedom. Thus Africa today enters a decade that will see the end of colonialism and European domination.

Two challenges

These changes pose two challenges—one is to the outside world, the second to Africa itself.

Those people engaged in world power politics and the ideological battle between Communism and

democracy want to know which way Africa will turn. At the United Nations, Africa may very well hold the balance of power. The general course already taken by the independent African states is one of refraining from joining any of the power blocs. This is as it should be. Africa cannot afford the luxury of endless debates of East-West power politics. It has numerous and urgent problems to tackle—poverty, disease and education.

But Africa has fought for freedom and cannot therefore be neutral where freedom or human rights are concerned. It should be free to decide on any issue on its merits. Those who believe in democracy must not engage in a negative struggle; instead they should positively assist and aid Africa in removing those conditions which may undermine the foundations for freedom and democracy. Africa must be vigilant. It does not wish to exchange one form of colonialism for another. It is aware that other and more subtle forms of imperialism are always lying in wait for that moment when it may relax its vigilance, to come in and establish other forms of oppression and exploitation. For this reason Africa must feel that even when help is given, it must be free of strings—political or otherwise.

In developing its own personality,

Introduction to a pamphlet entitled 'The Challenge of Africa' by John Marcum, published by 'The New Leader', 7 East 15th Street, New York 3 (25 cents).

Africa must desire to be recognized and respected and to be interpreted by its own spokesmen. The world must get used to this new Africa.

Economic and Social problems

The challenge of Africa within Africa is the consolidation of its newly won freedom and the translation of its slogans into realistic economic and social programmes. Capital and skill will be needed. Africa has to run instead of walk. It has to think in terms of Africa and the world.

There are economic problems and

social problems, but there are also the problems of the efforts for unity which must be faced. Unity is needed to establish a new economy of interdependence between states and of mutual co-operation. And of course there is the problem of race, with South Africa remaining an anachronism in the midst of all the advances being made.

But whether one sees it or not, Africa lives with the world in the 20th century. It may not be as yet a competitor in the technological and scientific sense, but can it be ignored?

France's Exports Increased by 40% in 1959

THE Ministry of Finance's final figures show that imports reached 1,906 thousand million former francs (1,707 in 1958). Exports increased by 40%, increasing from 1,345 thousand million old francs in 1958 to 1,896 in 1959. The trade deficit which was 361 thousand million in 1958, was brought down to 11 thousand million in 1959. Exports covered imports at the level of 99%.

The figures given hereunder show the geographical breakdown of France's foreign trade (in thousand millions of old francs).

	Imports from	Exports to	Balance
Common Market countries ...	689,5	759	+ 69,5
Other countries belonging to O.E.E.C. ...	249,9	463	+ 168,1
European countries outside the O.E.E.C. ...	106,2	104,9	- 1,3
America ...	245,3	375,1	+ 129,8
—North America ...	237,8	260,3	+ 22,5
Middle East ...	284,8	74,7	- 210,1
Various ...	185,7	117,3	- 68,4
Total	1,906,4	1,895	- 11,4

Rural Economy

(1) NO REAL SURPLUSES

A SUMMARY of the discussion on an International Food and Farm Policy at the Eleventh General Conference of I.F.A.P.* recently held in New Delhi.

WITH so many hungry people in the world, there are no real surpluses. At the same time, in relation to the actual volume of international trade in farm products at present, surpluses now held by industrialized countries represent a very real problem. At the end of the 1958-59 Northern Hemisphere marketing season, wheat producers had carry-over stocks amounting to more than twice the annual commercial needs of importers. Carry-over stocks of coarse grains were at least four times the annual average volume of international trade in recent years. This situation in the more-developed countries exists side by side with the need of vast areas of the world to raise the living standards of their peoples.

Such improvement is, however, conditional upon a comprehensive development programme, requiring first, the necessary planning expertise, secondly, the capital, and thirdly, the human resources.

World recognizes need

A lack of genuine governmental determination to have a long-term expansion in demand has been the major stumbling block in the past. Where stocks of a certain product

have accumulated in a particular country, the problem of disposal has generally been treated on an *ad hoc* and bilateral basis with the prospective recipient country. International co-operation, with one or two exceptions, has been confined to consultation in the hope that discussions about policies and programmes would help to avoid harm to the commercial interests of third countries.

For wheat, sugar, coffee and olive oil, commodity agreements have been made providing some price stability for trade in these products, and for other products such as cotton, rice, cocoa, rubber, etc., there are commodity advisory groups seeking more stable trading conditions. But with the exception of the special nutritional and development schemes affecting certain milk products, there have been no international efforts consciously designed to raise the level of food and fibre consumption.

What to do?

No longer can the surplus problem be treated in the narrow context of disposal operations. Surplus utilization must be planned on a long-term basis. Programmes to

*International Federation of Agricultural Producers.

improve nutritional levels directly or indirectly through technological advancement, must be conceived on a permanent basis and even though surpluses may be used in the initial phase of a development programme, provision must be made for continuity of supply, whether from the resources of the recipient country or from overseas producers.

Farmers in advanced countries can hardly be expected to play their rôle in providing a continuous and expanding supply of food unless there is international machinery set-up on the required scale to finance and distribute the food.

As part of this machinery, food reserves should be held in places where they can produce immediate results in remedying local food scarcities and evening out excessing price fluctuations. Recipient countries should be able to finance their drawings from these reserves by mutually agreed financial arrangements.

Financing imports

All conceivable means—"even . . . unorthodox methods"—should be sought to stimulate a rapid exchange of primary products on a world basis. This would help the developing countries expand outlets for their exportable commodities which are their main means of getting the resources to finance their imports.

Attention should be paid to the following techniques: bilateral or multilateral barter deals additional

to normal trade which do not prejudice the commercial interests of third countries; international schemes for the stockpiling of temporary unsaleable supplies; purchases at special prices.

Great care would have to be taken in the developing countries, so that products bought on concessional terms do not harm the interests of domestic producers. Any disturbance to the domestic market caused by such sales could mean lower prices for domestic farmers. This would not only lower the farmers' purchasing power, but also might well mean lowered food production in the future. Most of any increase in demand for food engendered by development programmes will have to be met by domestic farmers, and hence it is essential to plan food policy in a way that improves the domestic farmers' ability to boost their own production.

New International machinery?

Only governments working together with a common objective can plan and supervise the carrying out of the International Food and Farm Policy. If they will accept this responsibility, the next question is whether some new international agency is needed. No new agency is needed, it was decided, if governments will fully use the existing agencies. The FAO would undoubtedly undertake the necessary staff work in forming a new policy.

However, in order to speed action it might be necessary to establish

appropriate machinery under UN auspices to co-ordinate and expand the provisions of technical, financial and economic aid from the existing international agencies. It was agreed that IFAP should advocate the need of this co-ordinating machinery at the earliest opportunity before the UN Economic and Social Council.

Government willingness needed

Essentially, however, it is not a question of new machinery. Rather is it a question of the willingness of governments first to rethink their policies along the line indicated in this section of the Report and secondly, to instruct their representatives at FAO and other relevant inter-governmental agencies to co-operate to the full in the food development programme.

The job, however, cannot be left entirely to international agencies. Countries that would receive help should carefully consider their own development projects and try to determine how much of a rise in demand for food could be met from domestic farmers. In working out the over-all policy, governments should make sure as far as possible that farmers in receiving countries or the industrialized nations are not hurt by surplus utilization. In the more advanced nations, efforts should be made to make sure that an increasing proportion of the gross national product is made available each year to help the developing countries, subject to the limitation of their balance of payments position.

(2) THE PERSISTENT U.S. AGRICULTURAL PROBLEM

SPENDING for Agriculture and Agricultural Resources, projected at \$5.6 billion in fiscal '61, is second in size only to interest among non-defence outlays. The need for overhauling federal farm programmes has been recognized for years but, in spite of genuine efforts for improvement, it is rather generally agreed that we are nowhere near a solution. As the President pointed out in renewing his demand for new farm legislation, the basic problem is the "unrealistic" high price supports which have stimulated farm production far beyond what people

are willing to pay for in the markets. By November 30th, 1959, no less than \$9.5 billion of farm commodities were in the hands of the Commodity Credit Corporation (CCC), with storage and related costs figured to rise to about \$3 million a day.

One result has been that storage of surplus farm commodities has become a sizable business. Senator Stuart Symington, at hearings in January on agricultural problems, commented that: "If I weren't a Senator, the first thing I'd do is go into the grain storage business."

From First National City Bank Monthly Letter, New York, February, 1960.

Mr. Symington showed an advertisement by a manufacturer of storage facilities enticing operators of grain elevators to get aboard "Uncle Sam's gravy train of storing CCC grain."

Nevertheless, Senator Symington made it clear that he wasn't criticizing the operators of commodity storage facilities. They have merely stepped in to meet the market demand for places to put the surplus. Agriculture Secretary Ezra Benson

put it well: "I sympathize with those who are now just waking up to the fact that this is a costly, indefensible and unnecessarily wasteful matter. But this is what results from the continuance of an outmoded, unrealistic programme." The Secretary added that he has "repeatedly spoken out about this and urged Congress to take action to modify the law so that grain, especially wheat, will flow into markets, not into costly government storage."

(3) HOW INDIA'S POPULATION DEPENDS ON AGRICULTURE

Category	Percentage
Self-supporting persons	29.3
Non-earning dependants	60.1
Earning dependants	10.6
Of the self-supporting persons 68 per cent were agriculturists and 32 per cent were non-agriculturists.	
Peasant proprietors	47
Tenants	9
Landless labourers	13
Landlords	1
Industrial and non-agricultural workers	10
Workers in commerce	6
Workers in transport	2
Workers in the Services and miscellaneous professions	12

From New Commonwealth, February, 1960.

(4) CO-OPERATIVE FARMING IN WESTERN NIGERIA

A MULTI-MILLION pound co-operative farm settlement programme has been initiated by the West Nigerian Government. The scheme has been introduced as a means of increasing food production for a growing and more discriminating population and making agricul-

ture a profitable and attractive occupation for the newly literate elements of the community.

720 husky young Nigerians are the pioneers in an exciting new venture which may well set the pattern for agriculture in much of Africa.

From News from Western Nigeria.

Business in Madrid

by Our Special Correspondent in Spain and Tangier.

MADRID has announced that its population has exceeded two millions; it has been running a race with Barcelona and with New Zealand and appears a little behind each of them but has been catching up, for fifty years ago there were already more than a million in New Zealand and Madrid had hardly more than 700,000.

The main reason for this growth is the centralisation begun under Primo de Rivera and pushed forward by General Franco's personal rule, to which for the convenience of cordial dealings with American finance, which has also helped the growth of Madrid, he has deigned to apply the word "democracy". There is some sort of representative assembly and respect for workers' rights. There is no sign of the trades unions being revived, but though there is no right to strike the worker can refer to an arbitration court. No employer has the right to dismiss anyone not employed in casual labour. The recent recession in employment has thus affected the casual labourer only. It has come because at last there is a lull in building activity and the masons are the chief sufferers.

Currency stabilization

A few months ago the peseta was stabilised at 168 to the pound and 59 to the dollar. One would have

expected an immediate rise in price; but, as far as food and hotels are concerned, this is not easily discerned in comparison with the prices being paid as far back as the end of 1957, the year of the great rise, when the peseta fell on the open market to rates approaching but seldom exceeding the present one.

This rate, though not acknowledged by the Government, was the one which determined most transactions, for by one means or another there was always an arrangement beyond what the loyalty of the banks could permit.

It was more a matter of pride than business sense that kept the peseta officially at the rate of 117 to the pound but awkward for those firms which were bound to acknowledge it, and a great inconvenience to international banking which at last succeeded in convincing the regime of the advantage of having a rate which would offer an obvious chance of the export trade competing in the general market.

The result is that inflation has been arrested. Moreover in his speech at the end of the year Senor Ullastres, the Minister for Commerce, was able to boast also of a balance of trade when he took into account the invisible exports, of which the tourist trade is the most important, and which will long continue so. For though the *hôtels de*

luxe are allowed to fix the prices which they judge will pay them the others are strictly controlled at prices which are often half those of France and which compete favourably with any country in Western Europe.

There are parts of Spain, especially in Andalusia, where one can observe abject poverty and the degradation which goes with it, but Madrid gives the impression of a prosperous modern town. This is true of all the great and growing towns. No business seems to flourish more than banking, whether in the capital or in the provinces. There is not at present the rush of money from the spender's hand which marks recent life of England. If wages have risen in figures which bear comparison those are set off by the cost of living. The things which are cheap for foreigners—and the things are not so very many—are not cheap for the Spanish wage-earner.

North African comparisons

The truth is that Spain, modernised as it has been by recent industrialisation, has in its drought and barrenness much that shows its close relation to North Africa to which it has always had affinities. To get the balance, one must compare it less with its neighbour France than its other neighbours, Portugal and Morocco. With Portugal it runs pretty even though it suffers from a far harder climate and a far larger area of mountain

and plateau. Its prices are of course a little lower, but wages are lower than Morocco because once the C.G.T. got to work there, the wages had to approximate to those of France. The result was that Spanish competition soon forced the government at Rabat to adjust its currency to the depreciation which both General de Gaulle and General Franco had found advisable. But if we compare the standard of life in Spain with that of Morocco which has had through forty years French investments to the rate of £40 or £50 million a year, then we have the impression that Spain is a country in which a cultured class has been imbedding wealth through centuries and where the masses are advanced. When 1,100 years ago the Moors came to Andalusia they brought it a civilization better than its own, a civilization which has left magnificent monuments still the pride of Andalusia. But we cannot compare the cities or villages of Morocco with those of Spain and though Casablanca, pride of the French, has grown in forty-seven years to be a great modern town which runs up its population to numbers which Madrid had reached when Casablanca began to develop, even this French creation is not more impressive than Barcelona or Madrid which indeed in the Torre de Madrid has the highest skyscraper of any Mediterranean country, including even that new boom town, the Cairo of Nasser.

For the moment, commerce and

continued on page 101

A "Nice Little Inflation"?

THE wage problem is a matter of power. This recent statement of a leader of W-Germany's Federation of Trade Unions (DGB) has augured the opening of a keen union drive to boost wages and to reduce the workweek still further in 1960. Construction and quarrying workers are bargaining over a new wage agreement. Civil servants lodged their claim for a 12 per cent pay rise, and transport and public utility workers have presented a 15 per cent pay demand. Metal workers, textile, chemical and agricultural workers may follow.

The 1960 union drive has prompted stern warning that the unions have to choose between common-sense self-discipline or inflation. Incidentally, there are some foreign observers who seem to prefer the latter, since they outspokenly wish the Federal Republic a "nice little inflation", or a "scaling down of the purchasing power of the D-Mark", notwithstanding the fact that they themselves applaud exactly the same warnings when their country has to check a creeping wage inflation.

Moderation

The Federal Republic's economic development since 1948 has time and again been marked as a miracle. Rather than a miracle it is the result of a generally moderate attitude as to prices and wages, of solid and hard labour, as well as of far-sighted

and dynamic use of business profits for productive investments. It should not be forgotten that Germany was a country where almost everything had to be rebuilt from scratch. Before the war, e.g., there were some 750,000 people living in Cologne. In 1945, some 44,000 inhabitants were left and only about 220 houses had remained undamaged. Today, this booming centre of trade and commerce counts more than its pre-war population. Since 1948, the year of the W-German currency reform and the starting point of recovery, 6 million new jobs have been created to lead the country into over-full-employment.

A fair share

It is this very perspective under which the warnings against exaggerated pay claims have to be seen. From 1950 to last year, a paid man-hour's purchasing power rose 56 per cent. Nobody here is going to withhold from the worker a fair share in the economy's growth. But it should be a fair share, now and in future. Therefore, W-Germany's employers have long since exhorted the unions to negotiate pending wage issues in an unbiased way. Responsible public leaders, including Dr. Adenauer, Herr Blessing (President of the *Bundesbank*), and Professor Erhard, have taken the initiative to avoid major economic disturbances by asking all

From Economic Report from Germany.

groups of the nation to show moderation.

Without moderation, labour costs rising above productivity increases would send prices spiralling up and the purchasing power of the D-Mark scaling down. But such a trend cannot possibly give satisfaction to any thoughtful foreign observer. In an era of economic integration of the free world—and not of 19th century

nationalism—it is rather shortsighted to augur that the stability of the currency of one's partner should deteriorate and that production costs of one's partner should increase. The free world needs sound members with sound economies. A weakening link would be a danger for the other members in the boat, too.

BUSINESS IN MADRID—*continued.*

industry in Madrid as elsewhere in Spain pause. But just as the optimism expressed two years ago has been justified in spite of certain unfavourable factors, such as the law

which demands that foreign capital must never have a controlling influence in any concern, yet those who know Spain best look with tempered confidence on her future.

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A Decimal Currency

SHOULD GREAT BRITAIN CHANGE?

by EDWARD HOLLOWAY.

FOR some time the British Association for the Advancement of Science and the Association of British Chambers of Commerce have been making a joint study of various matters which include the question of a decimal currency. Their report, which is expected very soon, will spark off a great deal of controversy. Already the correspondence columns of the *Financial Times* have carried a number of letters on the subject, most of them favouring the change.

In reply to a Question in the House of Commons on December 3rd last, the Economic Secretary to the Treasury indicated that the Government would take no action in the matter until the report was available, and much will depend on whether it recommends a change to a decimal system for Great Britain.

A distinct possibility

There seems to be a distinct possibility that a decimal system *will* be proposed in the report and that the Government may decide to implement such a policy. This is a question which arouses strong feelings and it will, undoubtedly, be hotly debated both inside and outside Parliament. It is, therefore, worth while to examine the background of the situation and to see where this country stands.

Commonwealth on the move

In the first place, nearly all countries outside the Commonwealth and Sterling Area use the decimal system for their currencies. Also within the Commonwealth itself the trend is very much in this direction. Canada, Pakistan and Ceylon are already "decimalised". India adopted a decimal coinage in 1957, and proposes to make a further advance along the same road by adoption of the metric system for weights and measures. This is already in use in the case of cotton, iron and steel, cement, paper, salt, engineering, coffee and jute industries. Cyprus went over to a decimal coinage in 1955.

South Africa goes over to a decimal coinage in February, 1961. Both Australia and New Zealand are contemplating the change. In Australia the Federal Government has appointed an Australian Decimal Currency Committee, and in New Zealand the Commission set up to investigate the question came out in favour of a decimal currency. The merits of the case are also under consideration in Rhodesia and Nyasaland.

Advantage of simplicity

Simplification is the main advantage claimed by those who support

From The Machinery Market, 25th February, 1960.

a decimal currency system. The President of the New Zealand Society of Accountants, in welcoming the recommendation that New Zealand should adopt a decimal currency, commented: "A change to decimal currency would undoubtedly simplify the work of accountants, but the simplicity of the system would benefit the entire community once the initial changeover had taken place." The New Zealand Commission estimated that it takes 18 months for the average child to learn the mechanics of £ s. d., but the introduction of a decimal system could save six months of this time. This could be devoted to the study of other subjects.

Recent experiments carried out in State schools in Australia confirmed this view. It was found that the average child greatly increased its aptitude when put to work on a basis of decimal currency.

Expense of altering system

The difficulties of changing over to such a system in a highly developed and industrialised community like Great Britain are immense. It would certainly be a very expensive proposition: unofficial estimates have put the figure as somewhere between £350 and £500 million, but this expenditure could probably be spread over a number of years.

In South Africa the Government estimates that it will have to pay out £9 million towards the cost of machine conversion, but the total cost

of the changeover has been put as high as £40 million.

A major task

When one considers the work necessary to change to a decimal currency one sees that it is a major task. Vast numbers of accounting machines, cash registers, slot machines and similar apparatus would have to be changed. New text books would be needed for schools, new coins would have to be minted and members of the public would have to become accustomed to the new system. No doubt it would be necessary to adopt the same policy as South Africa and allow the two types of coinage to circulate for a time.

The proposed unit

The unit to be adopted in South Africa will be the "Rand". This will be the equivalent of 10 shillings. The South African Decimal Coinage Commission turned down the proposal to leave the pound unit intact and dividing this into 100 cents, which might appear at first sight to be the simpler solution to adopt. The New Zealand Committee has also recommended the adoption of the 10 shillings unit as the most suitable for conditions in New Zealand. No name has been proposed for this unit, but it is suggested that the shilling should be retained at its present value and should continue to be known by its present name.

One of the proposals which has been put forward in Great Britain is to keep the pound as the unit, the

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The Wind of Change

MR. Macmillan will go to the Summit Conference as a representative of the British people and a voice for the Commonwealth, aware that there is confidence in a leadership uninfluenced by sectional interests or reactionary prejudices.

During his African tour he has shown his acceptance of the strongly flowing tide of African nationalism, and recognition that black Africa is now an essential force in Commonwealth affairs.

It is also a tribute to India's tremendous weight in the Commonwealth and her good relations with Canada, Australia, and New Zealand—a memorial to Mahatma Gandhi's principles more valuable than a hundred statues—that Africa itself is ready to see that co-operation, instead of bitterness, between different races can be a reality.

Speaking on his return to London, the Prime Minister said: "Extremists—people holding entrenched positions—that just won't do!"

Peaceful co-existence

Mr. Macmillan looks ahead, not at the past; and on this Britain's life as a trading nation depends. In 1938 it might have been possible to discount an expanding trade policy. But 1938 marked the end of an epoch that had lasted for 100 years—when the trade gap could be bridged by the invisible earnings of shipping, insurance, and financial

services. Today 90 per cent of the export economy depends, literally, on selling the goods. And goods can be sold only if the other party has the money to buy. It is a truism that the higher the income of the less-developed countries, the higher their purchasing power.

Meanwhile, the success of trade expansion is dependent on peaceful co-existence, and Britain's task is to understand the significance of this fact. The principle of co-existence means "a need for reciprocal concessions and compromises—accommodation, if you like—on the part of both sides," says Mr. Khrushchov.

The British Premier appreciates the need to avoid going to the Conference with a 'closed mind', disposed to reject out of hand anything that cannot at once be grasped.

There is confidence in his ability to see beyond the narrow issues of Capitalist versus Soviet systems, to realize we are all of one human race, that we have to work with, not against, each other.

Fundamental values

In any political society or culture, irrespective of language or colour, the fundamental human values are the same. The capacity of the world to evolve depends on its capacity to accept what Mr. Macmillan has aptly called 'the Wind of Change'.

Sympathetic imagination from

Editorial from Far East Trade, March, 1960.

the West in responding to Mr. Khrushchov's readiness for partnership is a vital need. The liquidation of armaments has to be achieved. America's vitality and wealth must not be underestimated as a factor in helping the less-developed nations to find their 'place in the sun'.

Internationalism as opposed to na-

tionalism has long been symbolized by the U.N. But one more step has to be taken—to admit China to the world's councils.

There can be little doubt that Mr. Macmillan's contribution to the forthcoming talks will be of the utmost value in a united effort to solve the world's most pressing problem.

Soviet Aid for India

An agreement between India and Soviet Russia covering the new credit of 1,500 million roubles, which was recently offered by the U.S.S.R. and accepted by the Government of India, was signed recently. The agreement sets out the list of projects and the details of the technical collaboration covering these projects.

UNDER the agreement, the two Governments have stated that the new credit shall be utilised for the following enterprises:

(1) Expansion of the Bhilai Steel Works and its ancillary facilities, so as to increase its capacity, to 2.5 million tons of steel per year.

(2) Expansion of the Heavy Machinery Plant at Ranchi (Bihar) to its design capacity of 80,000 tons per year.

(3) Mining machinery plant; expansion and diversification.

(4) Completion of the oil refinery at Barauni (Bihar).

(5) Manufacture of heavy electrical equipment.

(6) Manufacture of precision instruments.

(7) Exploration, development and production of oil and gas by the Oil and Natural Gas Commission in Cambay and in other areas.

(8) Expansion of the capacity of the Neyveli Power Plant (Madras) from 250,000 K.W. to 400,000 K.W.

(9) Expansion of the Korba Thermal Power (Madhya Pradesh) by the addition of 200,000 K.W. installed capacity.

(10) A new thermal power station at Singrauli (Uttar Pradesh) with a capacity of 250,000 K.W.

The Soviet Government has guaranteed the performance of the plants, machinery and equipment in accordance with their stated capacities and efficiencies. If the guarantees are not fulfilled, the Soviet organisation undertake at their own cost to rectify defects pointed out to them or to replace such plant and machinery as are found unsatisfactory or alternatively to reimburse the Indian authorities the cost of such rectification or replacement.

From The Eastern Economist, February 19th, 1960.

Digest Reviews

STRANGE HAPPENINGS

The Hashemite Kings, by James Morris. (Faber; 21s.).

At the turn of this century there lived beside the Golden Horn a princely family from Mecca, captives of the Sublime Porte and yet honoured as scions of the Prophet and guardians of the Holy Places. To these, as time went on, they were allowed to return, taking among the desert sands which they loved the Moslem sophistication of Constantinople.

Hussein was the head of this family, sacred and centred on Mecca itself. Britain's promise was that he was to be King of most of Arabia if, to counter Berlin, he would declare war against the Turks. His kingdom was to embrace the ancient Arab cities, most sacred of which was Jerusalem, where both Jesus and Mahomet had ascended into glory. But, as intrigues developed, the promise was whittled away and Feisal, son of Hussein, after a glorious entry with Allenby into Damascus, was shelled out of it and later plastered on to Baghdad, although he was a Sunni from far Mecca, and Iraq was crowded with Shias and Kurds. His brother Abdullah, thus robbed of a realm, was allowed to occupy the land of Moab across the Jordan and as the result of a campaign he added to this a horde of Palestinian Arabs.

But things have not gone well for this family even so. Hussein proved so incompetent at Mecca that pilgrims were gratified to see it under the efficient rule of Ibn Saud from Riad; conquered by him, Hussein became a refugee in Cyprus. Abdullah was murdered in Jerusalem as he arrived there for his prayer. Feisal's eldest son killed himself by driving a fast car into a lamppost in Baghdad and there, years later, his grandson, with Prime Minister and uncle, was gruesomely murdered. As for young Hussein in Jordan, after inheriting from a father subject to attacks of homicidal mania, his throne and his life are also precarious. In fact, Mr. Morris ends his story with him announcing the murder of his relatives in Baghdad. And through all this region the subsidised presence of the Zionist States arouses the greatest indignation.

This is a story of broken agreements, cunning improvisations, strange happenings and fated princes under whom modernity has invaded the Arab world, all immensely changed for the better in spite of the tergiversations.

Two of Mr. Morris's books on the subject have been brilliant, and this too has been acclaimed. He has never set out to be an historian: his tone, taking up after the lapse of years, the airiness and scintillation of old Philip Guedalla, is meant to keep us all diverted whether he

tells us much or not. The facts can be relied upon for they have been corrected by Mr. Hourani. But this is less narrative than an extravaganza of conversation, impression, gossip, oddities, and playful verbal inventiveness, never once dulled by the cliché of the journalist. Its one big disclosure is the extent of the unpopularity of Nuri Said which led to the horrors of the Baghdad revolution.

Having given us this, Mr. Morris might have balanced it by telling how Nuri combined with the British to create an Iraq solid in prosperity and how by applying pressure the Arabs there as elsewhere have gradually acquired better proportions of the oil profits.

Mr. Morris puts his untiring skill into suiting what he chooses to tell to his own wit and idiom. We could hardly ask him then to reveal how much of the present situation, its facts, its figures, its dangers and its prospects. Even when he deals with the past his object has been to titivate gaiety, a gaiety not to be unduly disturbed by treachery, hunger, clumsiness or threats to our oil supplies. So his book will be read by many British readers, if few Arabs.

There is no hint here that anybody believes in anything; but to tell the truth, the dynasty of which it writes owe their whole position to religion; and its controversies are really centred on what was then the Holy Land of Moslem, Christian

and Jew—or else on how hungry men can get enough to eat.

ROBERT SENCOURT.

TOURIST'S MYTH?

As For Italy, by Jean-Francois Revel. (Weidenfeld & Nicolson; 21s.).

An 'angry' young French intellectual looks at Italy and dislikes practically everything he see! He considers tourists who visit Italy are the dupes of a myth created by journalists and travel agents. The true Italy he says it "stified by poverty, the Church, boredom, foreign occupation and political stagnation". The modern Italian is a slow, ponderous fellow, whose sex behaviour leaves much to be desired, while all the women have 'hairy legs'.

There are 160 pages of this kind of comment which will amuse or disgust, according to the temperament of the reader!

THE MID-VICTORIAN ERA

Fluctuation in Trade, Industry and Finance, by J. R. T. Hughes. (Oxford University Press; 45s.).

This is a study of British economic development in the years from 1850 to 1860, a period of rapid growth and considerable fluctuation in economic activity. The gold discoveries in California and Australia, the spread of mechanisation, the advent of the Crimean war and the growth of overseas investment all

played a part in creating widespread changes in Britain's trade and economy in the mid-Victorian era. The author makes a detailed examination of these events and the repercussions of the Bank Charter Act of 1844 as well as the economic crisis of 1857.

He reaches the conclusion that the factor of greatest importance in accounting for the impressive rate of growth during the 1850's was "an intangible phenomenon, the spirit of risk (or perhaps even speculation) which prevailed in the British economy".

NATIONAL INSTITUTE STUDIES

Studies in Company Finance. A Symposium edited by Brian Tew and R. F. Henderson. (C.U.P.; 35s.).

British Industrialists: Steel and Hosiery 1850-1950, by Charlotte Erickson. (C.U.P.; 45s.).

These two studies are published under the auspices of the National Institute of Economic and Social Research. The first presents an analytical summary of the financial position of British trading and manufacturing companies whose shares were quoted on the Stock Exchange. It covers the five year period 1949-53.

The second book provides an interesting survey of the changes in social origins and career patterns of business executives in the hosiery industry and the heavy steel industry in Britain.

INFLATION

Can Inflation be Controlled? by Harold C. Moulton. (Allen & Unwin; 21s.).

Dr. Moulton argues that the upward trend in the price-level arises from the pressure of wage-demands. Increases in money supply as compared with goods "originates in contracts calling for higher rates of pay for the same output".

He calls for a spirit of reasonableness in wage negotiations and holds out little hope that inflation can be controlled in a private enterprise system without the introduction of a national wages policy.

THE TWENTIES

Scrapbook for the Twenties, by Leslie Bailly. (Muller; 25s.).

This fascinating account of the Twenties, the period which covered the aftermath of the Great War, included the General Strike, the growth of unemployment and depression, the birth of broadcasting, television and many other new inventions as well as the Charleston and the Bright Young Things, is interestingly presented by Leslie Bailly.

His well known *Radio Scrapbook* programmes are now a well established feature in broadcasting, and he has made excellent use of a great deal of material collected for this programme, and the result is a book which can be read with profit by old and young.

SHORTER NOTICES

Commodity Reserve Currency, by Elmer M. Harmon. (Oxford University Press; 28s.).

Dr. Harmon examines some of the major schemes for stabilising price fluctuations of raw materials and goes on to examine the proposals put forward by Benjamin Graham and Jan Goudriaan for establishing buffer stocks of standard storable commodities entering into international trade.

The Soviet Bureaucratic Elite, by John A. Armstrong. (Atlantic Books: Stevens & Sons Ltd; 25s.).

A case study of the Ukrainian bureaucracy. The author describes the background characteristics, the career patterns and the rate of turnover of officials in various categories of the Russian bureaucracy.

European Assemblies: The Experimental Period 1949-1959, by

Kenneth Lindsay. (Stevens; 35s.).

This useful study examines the relations between national parliaments and the new international bodies which have been created in Europe in recent years. It provides a valuable background for those studying the development towards a more united policy in Europe.

A New Approach to Industrial Democracy, by H. A. Clegg. (Blackwell; 18s. 6d.).

The author has written this book based on ideas on workers' participation in management which arose out of contributions made at the Congress for Cultural Freedom held in Vienna in 1958. He examines the background of reformist ideas, the trend in post-war developments and types of industrial democracy which have emerged in various European countries. He presents some useful conclusions drawn from these experiences.

THE UNCERTAIN ALLY

by

John Biggs-Davison, M.P.

With a foreword by Henry Drummond-Wolff

15/-

This study briefly reviews certain vital aspects of world history from 1917 to 1957

Christopher Johnson Publishers Ltd.

Readings in the Economics of Taxation, by Richard A. Musgrave and Carl S. Shoup. (Allen & Unwin; 36s.).

A large number of articles on taxation and public finance selected by a Committee of The American Economic Association from many economic journals are put together in this comprehensive collection. All the articles deal with basic theoretical problems in the economics of taxation.

Income and Wealth Series VIII. Edited by Raymond Goldsmith and Christopher Saunders. (Bowes & Bowes; 45s.).

A selection of papers from the Conference of the International Association for Research in Income and Wealth held in 1957 in the Netherlands.

The study is concerned with the problems of measuring the national capital and using such estimates for analytical or policy purposes. Twelve areas are covered, Norway, the Netherlands, Germany, Yugoslavia,

Canada, South Africa, Australia, India, and Argentina and other Latin American countries. There are also two theoretical papers based on British and Norwegian experience.

A Review of Commonwealth Raw Material, Vol. II. Produced by The Commonwealth Economic Committee. (H.M.S.O.; 35s.).

The Commonwealth Economic Committee's second report is primarily a series of separate studies of the raw materials position in individual Commonwealth countries. These studies bring out the diversity of the progress that has been and continues to be made on a broad front in the expansion of Commonwealth productive resources and in Commonwealth raw materials consumption and trade.

Income and Economic Welfare, by S. G. Sturmey. (Longmans; 21s.).

This book has been written primarily for university students read-

MONEY-THE DECISIVE FACTOR

BRITAIN'S HANDICAP IN THE ECONOMIC RACE
WITH RUSSIA

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ing economics for one year as part of a social studies degree. It examines the relationship between income and economic welfare.

The Brewing Industry in England 1700-1830, by Peter Mathias. (C.U.P.; 85s.).

This is the first detailed history of the brewing industry covering the period when almost all the large British breweries were founded.

UNESCO "COURIER"

THE UNESCO "Courier" is a monthly journal which presents a vivid picture of the endless diversity of peoples and countries through the medium of well-illustrated articles, which are both interesting and informative, dealing with the widest possible variety of subjects. Recent issues have included articles on "Science and Mankind", "Nobel Prize Winners", "Film Making—No longer the privilege of just a few nations", "World Bank Projects"

and "40 years of the International Labour Organisation". The February (1960) issue featured the art treasures which, it is hoped, will be saved (by UNESCO's efforts *not* cash) when the Assouan dam is built.

The aim of the UNESCO "Courier" is to foster international understanding and advance the cause of peace by satisfying the desire for information about contemporary problems all over the world. It is available in English, French, Spanish and Russian. A subscription costs only 10/- a year. Send your full name and address, stating which edition is required and remitting cheque or p.o. (10/- per year per edition) to: Mrs. Peter Ayers, Toot Hill, Ongar, Essex.

UNESCO has made a special offer to readers of *Commonwealth Digest and World Economic Review* of a free specimen copy; write to UNESCO "Courier", UNESCO DPA, Place de Fontenoy, Paris 7e, mentioning this publication.

A DECIMAL CURRENCY—*continued*.

florin as one-tenth and the shilling as one-twentieth. The penny could then be revalued to one-tenth of a shilling. Whatever plan is evolved, very careful thought and planning will be essential before we dispense with our present system.

Conclusion

Our dependence on international

trade, our role as banker for the Sterling Area and the fact that sterling enters into the settlement of something like 50 per cent of world trade are all factors which will have to be taken very carefully into account. They may force us to the conclusion that Great Britain cannot afford to "go it alone" in a world of decimal currencies.

FOR REFERENCE

Items in this Section will be kept for one year. Any of our readers and any member of the Economic Research Council who wishes to refer to any of them is invited to apply, citing the appropriate number or numbers (given in brackets after each item).

I.M.F.

Summary Proceedings Annual Meeting 1959. International Monetary Fund. Washington, D.C.

Proceedings of the fourteenth Annual General Meeting, September 1959 (12)

O.E.E.C.

Economic Conditions in Member and Associated Countries of the

O.E.E.C. Federal Republic of Germany. O.E.E.C., Paris.

The latest annual survey of the German economy. (13)

Towards a new Energy Pattern in Europe. O.E.E.C., Paris.

A report prepared by the Energy Advisory Commission. (14)

P.E.P.

America and the Welfare State, by Dorothy Wilson. P.E.P. (5s.).

Examines social security methods in U.S.A. and makes comparisons between U.S.A. and Britain. (15)

International Finance

The United States Investment Guaranty Program and Private Foreign Investment, by Marina von Neumann Whitman.

Ninth in the series of Princeton studies in international finance. (16)

REMOVING THE RISK

VIOLENT crime and "vicious hooliganism" is on the increase. The number of offences was in 1958 17.7% higher than in 1945. The previous peak was 60% up on the 1938 total. Today more criminals are carrying dangerous and lethal weapons which they do not hesitate to use. All this is causing great concern to the hard worked police force and to all those who carry money or valuables. Employers are gravely concerned for the safety of their messengers and cashiers.

A new Company, Security Express Limited, guarantees safe delivery of payrolls or valuables at the exact time they are required. Beginning in the London area the service will be gradually extended to other cities.

Sir Percy Sillitoe is Chairman of Security Express Limited, which has been formed by the De La Rue Group of companies in association with Wells Fargo of New York. Former Director General of M.I.5, it was Sir Percy who broke gang warfare in Sheffield and Glasgow and who was the pioneer of radio controlled police vans.